

**SECRET**

P. 141. COLUMN 1

In 1952 above, for example, the owners of at least 85 of the 223 vessels which had carried cargoes to and from Communist China also owned vessels which carried United States government-financed goods.

COMMENT:

These figures are correct if the term "ownership" is construed in the widest possible sense to include all types of "beneficial ownership." The figures were compiled by OHI for FOA/MDAC and submitted to the McCarthy Committee staff on 21 April 1953. On 10 February 1953, FCA adopted the Formosa Clause which barred a vessel carrying FCA-financed goods from trading with Communist China for 60 days after taking cargo to Formosa. The clause was subsequently widened to include the whole Communist Far East and is used by most U.S. agencies now.

**SECRET**

**SECRET**

P. 6454 COLUMN 1

"In 1952...the owners of at least 85 of the 193 vessels which had carried cargoes to and from Communist China also owned vessels which carried United States government-financed goods, 15 out of the 85 vessels...carried cargo in or out of Red China and also carried United States government-financed cargoes."

COMMENT:

In 1952, 206 vessels of non-Soviet bloc registry were involved in Communist Chinese seaborne trade. Some of these vessels, however, belonged to countries not "Allies" of the U.S. Although the original text is not clear on this point the figure of 193 vessels may refer only to vessels of "allied" registry. We have no data concerning specific vessels that carried "U.S. government-financed goods," but a large number of shipping firms engaged in carrying such goods also provided ships for trade with Communist China. We understand, however, that ONI supplied Senator McCarthy with the 193 figure.

**SECRET**

25X6

Approved For Release 2001/08/15 : CIA-RDP69-00642R000100190007-6

**Next 1 Page(s) In Document Exempt**

Approved For Release 2001/08/15 : CIA-RDP69-00642R000100190007-6